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Deciphering Corporate Financial Metamorphosis: A Comprehensive Analysis of Corporate Financial Performances Pre and Post Acquisition

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KEYWORDS	ABSTRACT
acquisition, financial performance, financial ratios, event study	This study aims to analyze potential differences in the financial performance of acquiring companies before and after acquisitions, focusing on Liquidity Ratios (Current Ratio and Quick Ratio), Profitability Ratios (Return on Assets Ratio and Net Profit Margin Ratio), Solvency Ratios (Debt to Equity Ratio and Debt to Assets Ratio), Activity Ratio (Total Assets Turnover Ratio and Fixed Assets Turnover Ratio), and Market Ratio (Earning per Share Ratio and Price Earnings Ratio). The research methodology involves a Quantitative Descriptive and Comparative approach, along with an Event Study comparing the financial performance of companies three years before and after the acquisition. Statistical tests, including Sample Paired t-Test and Wilcoxon Signed Rank Test, were conducted using the EViews application on seven acquiring companies listed on the IDX from 2017 to 2023. The findings indicate a significant difference in the company's financial performance before and after the acquisition, specifically in terms of Return on Assets, while the other financial ratios showed no significant differences before and after the acquisition is conducted. The implications of this study are expected to provide in-depth knowledge about the significance of differences in the company's financial performance before and after the acquisition, which will serve as a basis for decision making for investors and public in general.

INTRODUCTION

In the free market era like today, the growth of technology and digitalization continues to grow rapidly, the level of competition of companies both domestically and globally, especially on the economic side, has become increasingly tight and without distance, so that every company must continue to innovate and carry out corporate action strategies to be able to compete and maintain its existence and bring the company to achieve long-term prosperity. One of the strategies that companies often carry out is acquisitions (Purnomo & Nurmatias, 2024).

Economic growth in Indonesia is currently projected to grow in the range of 5 percent, this is mainly influenced by global economic conditions which are still shrouded in uncertainty and the momentum of general elections or elections. When compared to 2020, which was the year when the Covid-19 Pandemic began to spread in Indonesia, economic conditions in Indonesia experienced a very drastic decline. According to Databoks aired on the katadata.co.id website, Indonesia's economy throughout 2020 fell to -2.07%. This figure is the lowest since 1998 or during the monetary crisis. (katadata.co.id, 2021).

STYLEREF Image 2 \s 0 Overview of Economic Growth in Indonesia

Figure 1. SEQ * ARABIC 1 Overview of Economic Growth in Indonesia

Source: BPS, Data Processed (2024)

The decline in economic conditions in 2020 has had an impact on the rampant corporate actions carried out by several well-known companies in Indonesia, such as those carried out by consumer issuer PT Garudafood Putra Putri Jaya Tbk. (GOOD) which has completed the acquisition of 55 percent of Prochiz producer PT Mulia Boga Raya Tbk. (KEJU) worth nearly IDR 1 trillion, and conglomerate Eddy Kusnadi Sariaatmadja through the business group PT Elang Mahkota Teknologi Tbk (EMTK) which deepens penetration in the health sector by annexing 71.8 percent of Omni Hospitals' management shares, with the purchase of 4.24 billion shares of PT Sarana Meditama Metropolitan Tbk (SAME) from PT Omni Health Care (Mahardhika, 2020).

In terms of quantity, acquisition activities have increased significantly in line with the increasing popularity of the term acquisition among business actors, this is evidenced by a significant increase in acquisition activities in Indonesia. The following is a picture of the data on the development of acquisition activities from 2017 to October 2023 in Indonesia summarized from the Merger & Acquisition (M&A) notification data on the official website of the Business Competition Supervisory Commission (ICC):

Figure 2. SEQ * ARABIC 2 Number of Mergers & Acquisitions Notifications

Source: ICC, Data Processed (2024)

As can be seen in the graph above, there is a significant increase in the number of merger and acquisition notices made by companies in Indonesia. Starting in 2017 which showed that there were as many as 90 merger and acquisition notifications, there was a slight decrease in 2018, then continued to increase in 2020 and 2021, the year when the Covid-19 pandemic became the cause of the sluggish world economy and Indonesia in particular, then the peak was in 2023 where there was 323 information on mergers and acquisitions carried out by companies in Indonesia.

This study selected companies that made acquisitions in the 2020 period to be used as the research population because that year was a very difficult year for companies in Indonesia due to the COVID-19 pandemic. This is evidenced by the economic recession in the third quarter of 2020 of minus 3.49%, which is the worst condition since 2014. This causes many companies to decide to stop operating or make mergers and acquisitions in order to improve their company's performance (Fernando & Edi, 2021).

To assess the success of an acquisition strategy, one of them is to look at the company's financial performance after the acquisition, both for the acquiring company and the acquired company. A company's financial performance using financial statement ratio analysis can report the company's position at one point in time and activities over multiple periods (Brigham & Daves, 2019). From an investor's point of view, forecasting the future is at the heart of actual financial analysis. Meanwhile, from a management perspective, financial statement analysis is useful to help anticipate future conditions, which is more important as a starting point for planning actions that will improve future performance (Probowati, 2018).

In analyzing the financial performance of a company, Probowati said that it is generally done by analyzing the financial ratios that have been set. Financial ratio analysis can provide expert and experienced analysts with a better view of the company's financial condition and performance than analysis based solely on individual financial data that does not form a ratio. These financial ratios include liquidity ratios, profitability, solvency, and activities.

According to (Kasmir, 2019) the liquidity ratio is something used to evaluate a company's ability to pay short-term debt. If the company faces bills or liabilities, the company has the ability to pay those obligations. Acquisitions make the company's assets larger, so that the company's ability to fulfill its short-term obligations is better, if the company is able to pay its debts, it means that the company is liquid, because the higher the liquidity ratio, the better the condition of the company (Indriani, 2018). Although there are several indicators or proxies to measure the liquidity ratio, the author chose to use *the Current Ratio* (CR) and *Quick Ratio* (QR) in this study. The following graph shows the average increase in the financial performance of proxied companies with *Current Ratio* and *Quick Ratio* in companies that acquired in 2020:

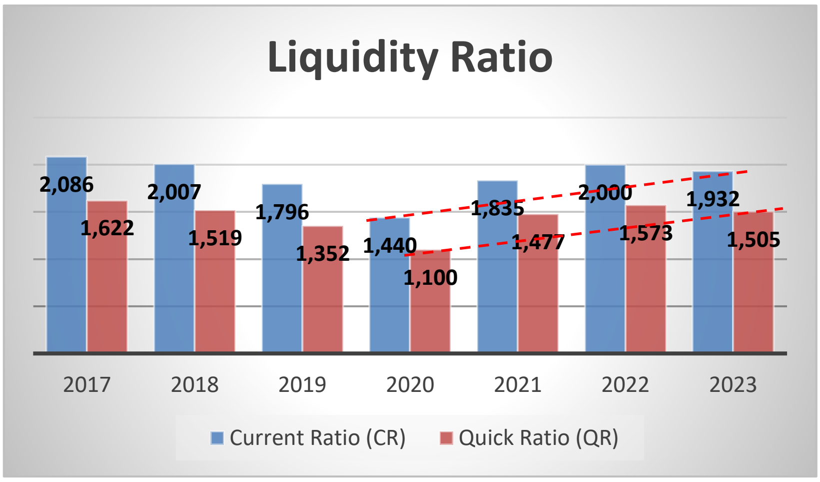

Figure 3. SEQ ARABIC 3 Average CR and QR Acquiring Companies

Source: Data Processed (2024)

From the graph data, it can be seen that there has been an increase in the financial performance of the acquiring companies after making acquisitions in 2020 in the last 3 years which is proxied in the liquidity ratio, namely the Current Ratio and Quick Ratio, after these companies made acquisitions in 2020. In 2021, there was an increase of 0.395 for CR and 0.377

for QR, then the following year there was also an increase of 0.165 for CR and 0.096 for QR, a slight decrease in 2023, but overall the company's average Liquidity Ratio tends to increase after the acquisition. From this data, the author feels that this ratio needs to be tested statistically, so he chose this ratio to be used as a research variable on a sample through comparative analysis to test the consistency of the ratio data to events, namely in the form of acquisition actions.

As with the research conducted by (Cahyani & Wiksuana, 2024; Hertina & Novena, 2023) where the results of their research show that there is a significant difference in the liquidity ratio with the current ratio (CR) proxy in the acquiring company. However, it is inversely proportional to the research conducted by (Dewi & Suryantini, 2018; Zaiyana et al., 2023) which stated that there was no significant difference in the liquidity ratio with the proxy Current Ratio in the acquiring company.

The next ratio that is often used to measure a company's financial performance is the Profitability Ratio. According to (Purnomo & Nurmatias, 2024) Profitability ratio is an indicator used to measure the extent to which a company is able to generate profits in a certain period. In his journal (Indriani, 2018) he explained that the better the profitability ratio describes the high ability of a company to obtain profits. The company's ability to generate profits can attract investors to invest its funds to expand its business, on the contrary, a low level of profitability will cause investors to withdraw their funds. Of the several proxies used to measure the Profitability Ratio of a company, the author chose to use the Return on Assets Ratio (ROA) and Net Profit Margin Ratio (NPM) ratios because of the phenomenon seen in the following graph, which shows the fluctuating average of ROA and NPM in a company after making an acquisition in 2020:

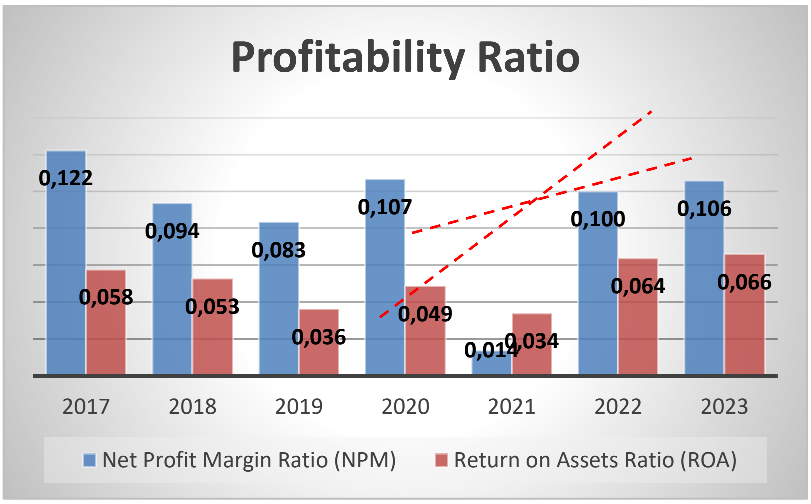

Figure 4 * ARABIC 4 Average ROA and NPM of Acquiring Companies

Source: Data Processed (2024)

In the graph above, it can be seen that the decline in the first year reached 0.093 NPM and 0.015 for ROA which then there was a significant increase in the second year of 0.086 for NPM and 0.03 for ROA which then moved slightly in the third year. Overall, after the acquisition in 2020, the average *Profitability Ratio* value of the acquiring company has increased by at least 0.008 to 3 years after the acquisition. This is certainly inversely proportional to the expectations of the acquiring companies who expect a large increase in profits after the acquisition is carried out. This phenomenon and the differences in previous studies underlie the author in selecting the variables to be tested in this study, so that *Return on Assets* (ROA) and *Net Profit Margin* (NPM) are used as variables to be tested in this study.

Previous studies that tested the Profitability Ratio have been conducted by several researchers, including those conducted by (Christyanto et al., 2023) where the results showed a significant difference in *the Net Profit Margin Ratio* (NPM) and *Return on Assets Ratio* (ROA) between before and after the acquisition, while different results were shown in the results of the research conducted by (Firdaus & Dara, 2020; Utari et al., 2022) where there were no significant differences between NPM and ROA before and after the acquisition.

Then the ratio that can also be used for measuring financial performance is the Solvency ratio. According to (Purnomo & Nurmatias, 2024) Solvency ratio is a financial indicator used to measure a company's ability to meet its long-term obligations. Kasmir also explained that Solvency (*Leverage Ratio*) is a proportion used as an estimate of how much a company's assets are paid with debt. So it can be interpreted that the extent to which the company can bear the burden of liabilities compared to the assets it owns. Although there are several proxies to measure the solvency ratio, the researcher limits it by using *the Debt to Equity Ratio* (DER) and Debt to Assets Ratio (DAR). The following graph illustrates the average Solvency Ratio proxied by the *Debt to Equity Ratio* and *Debt to Assets Ratio* of companies that acquired in 2020:

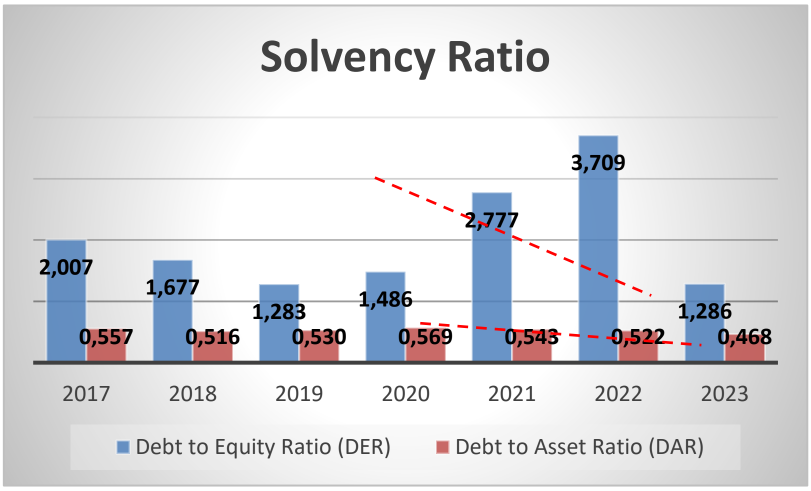

Figure 5. SEQ * ARABIC 5 Average DER and DAR Acquiring Companies

Source: Data Processed (2024)

The graph above illustrates the fluctuations in the financial performance of the acquiring companies after making acquisitions in 2020 in the last 3 years, especially in the solvency ratio proxied by *the Debt to Equity Ratio* (DER) and *Debt to Assets* Ratio (DAR). In the first year after the acquisition there was a significant increase of 1,291 for DER but only 0.026 for DAR and similarly in the second year of 0.932 for DER but only 0.021 for DAR, but in the end there was a very large decrease of up to 2,423 for DER. The data shows that in the long term there will be a decline in the company's financial performance in terms of its ability to complete its long-term obligations, so this phenomenon attracts researchers to test the data and use it as a variable in this study, because it is not in accordance with the acquisition theory as stated in chapter II later.

The studies that have been conducted on the effect of acquisitions on solvency ratios by several researchers such as (Cahyani & Wiksuana, 2024; Putri & Yunita, 2023)where there are significant differences in *the Debt to Asset Ratio (DAR)* and also (Zaiyana et al., 2023) which proximate the *Debt to Equity Ratio (DER)* also get the same results. However, the research conducted by (Muslim, 2023) did not show similar results, namely there was no significant difference in financial performance before and after the acquisition in both DAR and DER.

Good or bad financial performance can also be measured by the activity ratio. Activity ratio is a financial ratio used to measure the efficiency of asset use by a company. According to Nurhasanah et al., (2020:18) the higher the turnover rate, the more effectively the company's assets are used, the higher the average age of the liability, the worse the assets used or said to be ineffective in using assets. Although there are several proxies to measure the activity ratio, the author chooses to use *the Fixed Asset Turnover Ratio* (FATO) and *Total Asset Turnover Ratio* (TATO) as variables because the phenomenon shown in the following graph shows the fluctuating average FATO and TATO of the companies that made acquisitions in 2020:

-+

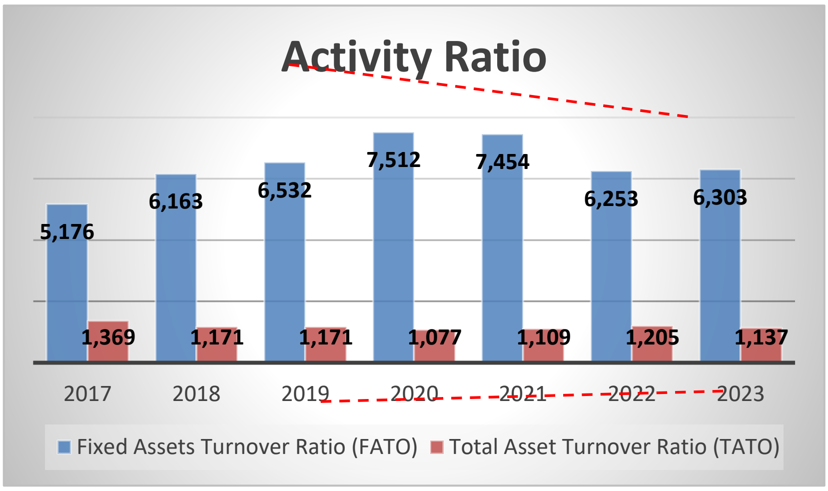

Figure 6. SEQ * ARABIC 6 Average FATO and TATO Acquiring Companies

Source: Data Processed (2024)

In the graph above, it can be seen that there was a decrease in the value of FATO in the first year after the acquisition, which was 0.058, while TATO increased by 0.032, then in the second year, FATO increased its decrease to 1.201, while TATO remained up to 0.096, then in the third year, FATO moved slightly up by 0.05 and TATO decreased slightly by 0.068. However, overall the average value of the *Activity Ratio* of the acquiring company in 2020 has decreased in the long term, namely until the third year after the acquisition. This makes the phenomenon that is the basis for the researcher to re-test this ratio against the sample data as a variable in comparative research so that it becomes clear why the data from the graph is inversely proportional to the company's basic purpose of making acquisitions, which is to improve its financial performance which is supported by an increase in the turnover rate of total assets and fixed assets owned by the company.

Then this is also emphasized by a study conducted by (Fernando & Edi, 2021) which stated that there was a significant difference in the ratio of proxied activity using *the Fixed Asset Turnover* (FATO) and *Total Asset Turnover* (TATO) ratios, as well as in the research (Qoni'ah & Hidayat, 2023) which also obtained the same results on the Total *A variable*

sset Turnover Ratio (TATO). On the other hand, in the research conducted by (Putri & Yunita, 2023) and also by (Dewi & Suryantini, 2018) where the results did not show a significant difference in *the Total Asset Turnover* Ratio.

The last ratio that is also commonly used as the basis for measuring a company's financial performance is the Market Ratio. According to (Amatilah et al., 2021) the market ratio measures the ability of a company to trade stocks in the capital market by producing a high *rate of return*. The high market ratio value of the company after the acquisition shows that the company is able to generate a high *rate of return*, which attracts investors to make transactions with the acquiring company. Among the several proxies used in measuring market ratios, the researcher used the Earning per Share Ratio (EPS) and Price Earnings Ratio (PER) as variables in this study, because of the phenomenon of the fluctuating average value of the two as depicted in the following graph:

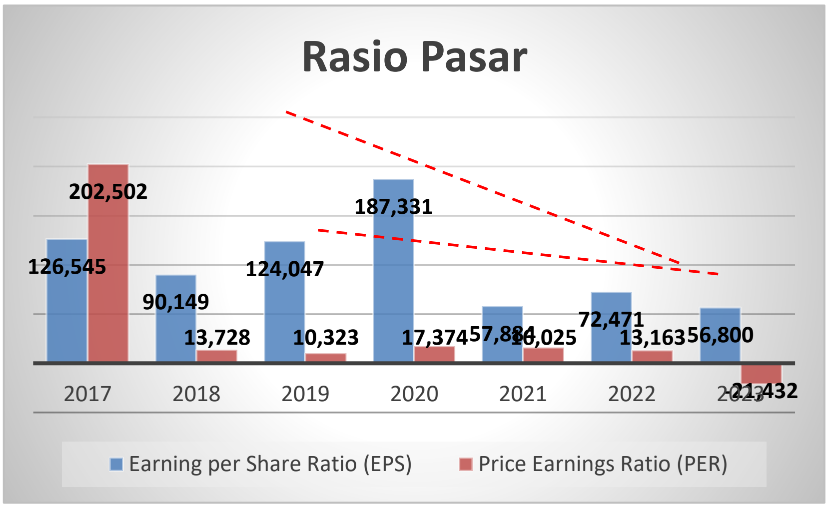

Figure 7. SEQ * ARABIC 7 Average EPS and PER Acquiring Companies

Source: Data Processed (2024)

In the graph above, it can be seen that there was a decrease in the value of EPS in the first year after the acquisition, which was 129.45 and a PER of 1.35, then in the second year EPS increased by 14.59 but the PER remained at 2.86, then in the third year EPS decreased again by 15.67, as well as the PER which fell below the minus line with a decrease of 34.595. If overall the average value of the Market Ratio of the acquiring company in 2020 experienced a long-term downward trend, namely until the third year after the acquisition. This makes the phenomenon that is the basis for researchers to use this ratio as a variable in this study so that it becomes clear why the data is inversely proportional to the basic purpose of the company to make acquisitions, which is to improve its financial performance, which is represented by an increase in the rate of return on the company's shares.

The previous research that supports this data is a study conducted by (Mubarok et al., 2024) where the results of the study showed a difference in the *Earning per Share Ratio* (EPS) in several comparison periods, while the research conducted by (Muslim, 2023) showed different results where the results of the research did not show any difference in either the *Earning per Share Ratio* (EPS) or the *Price Earnings Ratio* (PER), the same results were also obtained by research conducted by (Utari et al., 2022) where there was no difference in the *Earning per Share Ratio* (EPS) between before and after the acquisition.

Based on the description of the facts and phenomena mentioned above as well as the various results of several previous studies, the author feels that this theme deserves to be re-examined, namely by comparing the financial performance of the acquiring company (through financial ratios) before and after the company makes the acquisition. Therefore, the title raised in this study is "Comparative Analysis Of The Company's Financial Performance Before And After The Acquisition (Study on acquiring companies listed on the Indonesia Stock Exchange for the period of 2017 – 2023)".

To be able to carry out this research properly, the researcher must have a goal, the objectives of this research are: To find out the difference in the proxied Financial Performance with the Liquidity Ratio (Current Ratio and Quick Ratio) before and after the company made an acquisition in 2020.

The results of this study are expected to be useful for the development of science, especially in financial management, and provide information about the significance of differences in financial performance in acquirer companies that can be used in future research with different populations and observation periods as well as considerations for using other variables that are not used in this study.

By conducting this research, the author can obtain additional information and better knowledge about the significance of the difference in the financial performance of the acquiring company so that it can be used as a reference and information for companies owned or other people's companies if they intend to carry out corporate actions in the future.

The primary objective of this study is to analyze and compare the financial performance of acquiring companies listed on the Indonesia Stock Exchange before and after their acquisition activities during the 2020 period. Specifically, the research aims to: (1) assess the differences in financial performance metrics, including liquidity ratios (Current Ratio and Quick Ratio), profitability ratios (Return on Assets and Net Profit Margin), solvency ratios (Debt to Equity Ratio and Debt to Assets Ratio), activity ratios (Fixed Asset Turnover and Total Asset Turnover), and market ratios (Earnings per Share and Price Earnings Ratio), pre- and post-acquisition; (2) understand the impact of the COVID-19 pandemic on acquisition strategies and subsequent financial performance; and (3) provide insights into the implications of these acquisitions for stakeholders, including investors and management.

This study introduces a novel perspective by focusing on the financial performance of acquiring companies during a particularly challenging economic period influenced by the COVID-19 pandemic. While existing research has explored the effects of acquisitions, this study specifically examines the Indonesian context and considers the unique circumstances surrounding the pandemic. Furthermore, by utilizing a comprehensive set of financial ratios across various categories, this research offers a multidimensional analysis that enhances understanding of how acquisitions affect financial performance over time. This focus on both pre- and post-acquisition performance metrics in a developing market like Indonesia adds a new dimension to the existing literature.

The findings of this study are expected to contribute significantly to both academic knowledge and practical applications in the field of financial management. Academically, the research expands the understanding of acquisition outcomes in emerging markets, providing a basis for future studies on corporate actions and their implications. Practically, the results will serve as a valuable resource for company executives, investors, and policymakers by offering insights into the financial implications of acquisition strategies during times of economic uncertainty. Ultimately, the study aims to facilitate informed decision-making for companies considering acquisitions, enhancing their potential for improved financial performance and long-term sustainability.

RESEARCH METHOD

According to (Sugiyono, 2017), research methods are scientific methods used to obtain data with specific purposes and uses. It is further explained that the research method is a technique or a way to search, obtain, collect or record data used in compiling scientific papers and then analyze factors related to the subject matter, so that there will be a truth of data to be obtained.

The research method used in this study is a quantitative research method because this research data consists of numbers. According to (Sugiyono, 2017), the quantitative research method uses data in the form of numbers and uses statistical analysis, besides that it can also be interpreted as a research method based on the philosophy of positivism which is used to research certain populations or samples, data collection using research instruments, with the aim of testing predetermined hypotheses.

The quantitative research method used in this study uses descriptive and comparative problem formulations, because it consists of several variables that are compared to two groups of the same sample with different time periods. According to (Sugiyono, 2017), a comparative formulation is a formulation of a research problem that compares the existence of one or more variables on two or more different samples or at different times.

This study is an event study, according to (Hartono, 2022) an event study is a study that studies the reaction of the capital market to an event whose information is published as an announcement. The event in this study is a corporate action, namely in the form of an acquisition action, the study of this event is carried out to find out whether there is a difference in financial performance measured using financial ratios between before and after the event, which in this case is an acquisition. The time span used in this study is 6 years, namely t-3 to t+3 (3 years before and 3 years after the acquisition is carried out).

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

The following are the results of the descriptive statistical analysis of each ratio interpreted in the form of mean, median, minimum, maximum, and standard deviation for each variable:

Liquidity Ratio

Tabel 1 ARABIC 1 Liquidity Ratio Descriptive Statistical Test Results (CR & QR)

	CR BEFORE	CR AFTER	QR BEFORE	QR AFTER
Mean	1.962511	1.922433	1.497833	1.518217
Median	1.218996	1.243435	1.103106	0.654965
Maximum	5.638511	5.273912	5.056746	4.851533
Minimum	0.721334	0.386359	0.307490	0.196215
Std. Dev.	1.475119	1.546982	1.333443	1.542950
Skewness	1.178590	1.019915	1.191825	1.000036
Kurtosis	3.010706	2.531042	3.543436	2.517223
Jarque-Bera	4.861864	3.833225	5.229970	3.704191
Probability	0.087955	0.147104	0.073169	0.156908
Sum	41.21274	40.37108	31.45449	31.88257
Sum Sq. Dev.	43.51950	47.86304	35.56139	47.61390
Observations	21	21	21	21

Source: Data processed results (2024)

In table 1, it can be seen that the lowest CR value before the acquisition was 0.72 owned by MIDI, while the lowest value after the acquisition was 0.386 owned by BULL. The highest CR score before the acquisition was 5.6 owned by EMTK, and the highest score after the acquisition was 5.27 also owned by EMTK. Then for the average value of CR before the acquisition is 1.96 and the standard deviation is 1.475, which means that the average value is greater than the standard deviation. The average CR value after the acquisition decreased slightly to 1.92 and this value was also greater than the standard deviation of 1.546.

In table 4.1 it can also be seen that the lowest QR value before the acquisition is 0.307 owned by MIDI and the lowest QR value after the acquisition is 0.196 also owned by MIDI. The highest QR value before the acquisition was 5.056 owned by EMTK, and the highest QR value after the acquisition was 4.85 also owned by EMTK. Then the average value of QR before acquisition is 1.497, which is higher than the standard deviation of 1.33, while the average value of QR after acquisition has increased to 1.518, which is lower than the standard deviation value of 1.54.

Profitability Ratio

Tabel 2 ARABIC 2 Results of Descriptive Statistics Test of Profitability Ratio (NPM & ROA)

	CR BEFORE	CR AFTER	QR BEFORE	QR AFTER
Mean	0.062759	0.029631	0.044169	0.061363
Median	0.049640	0.032578	0.036021	0.074384
Maximum	0.295867	0.554179	0.244671	0.282480
Minimum	-0.257323	-1.289817	-0.133582	-0.383619
Std. Dev.	0.134501	0.355282	0.086376	0.130246
Skewness	-0.496351	-2.416982	0.419050	-1.847926
Kurtosis	3.586477	10.46578	4.258364	7.887986
Jarque-Bera	1.163235	69.21700	2.000155	32.85776
Probability	0.558993	0.000000	0.367851	0.000000
Sum	1.317931	0.622255	0.927546	1.288623
Sum Sq. Dev.	0.361810	2.524512	0.149217	0.339280
Observations	21	21	21	21

Source: Data processed results (2024)

In table 2, it can be seen that the lowest NPM value before the acquisition is -0.257 owned by EMTK, while the lowest value after the acquisition is -1.289 owned by BULL. The highest NPM value before the acquisition was 0.295 owned by SCMA, while the highest value after the acquisition was 0.55 owned by EMTK. Then for the average value of NPM before the acquisition is 0.06 and which is lower than the standard deviation of 0.13 while the average value of NPM after the acquisition has decreased which is 0.029 which is also lower than the standard deviation value of 0.355.

In table 4.2 it can also be seen that the lowest ROA value before the acquisition was -0.13 owned by EMTK, while the lowest value after the acquisition was -0.38 owned by BULL. The highest ROA value before the acquisition was 0.24 owned by SCMA, while the highest value after the acquisition was 0.28 owned by DSSA. Then the average value of ROA before the acquisition is 0.04 and the standard deviation is 0.086 which means that the average value is lower than the standard deviation, while the average value of ROA after the acquisition increases to 0.06 but is still lower than the standard deviation value of 0.13.

Solvency Ratio

Tabel 3 ARABIC 3 Solvency Ratio Descriptive Statistical Test Results (DER & DAR)

	CR BEFORE	CR AFTER	QR BEFORE	QR AFTER
Mean	1.573288	1.236753	0.498539	0.468028
Median	1.238026	0.977772	0.511764	0.497511
Maximum	4.285810	4.414490	0.810814	0.815310
Minimum	0.202878	0.114607	0.157102	0.102823
Std. Dev.	1.221197	1.078669	0.221661	0.218506
Skewness	0.711937	1.349399	-0.234429	-0.380971
Kurtosis	2.375647	4.673940	1.761295	2.027301
Jarque-Bera	2.115077	8.824887	1.534941	1.335862
Probability	0.347310	0.012126	0.464186	0.512768
Sum	33.03905	25.97182	10.46931	9.828595
Sum Sq. Dev.	29.82646	23.27055	0.982671	0.954895
Observations	21	21	21	21

Source: Data processed results (2024)

In table 3, it can be seen that the lowest DER value before the acquisition was 0.20 owned by SCMA, while the lowest value after the acquisition was 0.11 owned by EMTK. The highest DER value before the acquisition was 4.28 owned by MIDI, while the highest value after the acquisition was 4.41 owned by BULL. Then the average value of DER before the acquisition is 1.57, which is higher than the standard deviation of 1.22, but the average value of DER after the acquisition has decreased to 1.236, which is also higher than the standard deviation value of 1.078.

Still in table 4.3, it can also be seen that the lowest DAR value before the acquisition was 0.157 owned by SCMA, while the lowest value after the acquisition was 0.102 owned by EMTK. The highest DAR value before the acquisition was 8.10 owned by MIDI, while the highest score after the acquisition was 8.15 owned by BULL. Then the average value of DAR before the acquisition is 0.498, which is higher than the standard deviation of 0.22, while the average value of DAR after the acquisition has decreased to 0.468, which is also higher than the standard deviation of 0.218.

Activity Rate

Tabel 4 ARABIC 4 Activity Ratio Descriptive Statistical Test Results (TATO & FATO)

	CR BEFORE	CR AFTER	QR BEFORE	QR AFTER
Mean	Mean	1.222237	1.265712	6.683168
Median	Median	0.881254	0.929207	4.326916
Maximum	Maximum	3.160646	3.328457	18.60385
Minimum	Minimum	0.230356	0.211570	1.602698
Std. Dev.	Std. Dev.	0.978338	1.063292	4.878878
Skewness	Skewness	0.911985	0.897034	1.040246
Kurtosis	Kurtosis	2.379612	2.382095	2.990226
Jarque-Bera	Jarque-Bera	3.247778	3.150427	3.787473
Probability	Probability	0.197131	0.206963	0.150508
Sum	Sum	25.66697	26.57996	140.3465
Sum Sq. Dev.	Sum Sq. Dev.	19.14289	22.61180	476.0689
Observations	Observations	21	21	21

Source: Data processed results (2024)

In table 4, it can be seen that the lowest TATO value before the acquisition was 0.23 owned by BULL, while the lowest value after the acquisition was 0.21 owned by EMTK. The highest TATO score before the acquisition was 3.16 owned by AMRT, and the highest score after the acquisition was 3.328 also owned by AMRT. Then for the average value of TATO before acquisition is 1.22, which is higher than the standard deviation of 0.97, but the average value of TATO after acquisition has increased to 1.265, which is also higher than the standard deviation value of 1.063.

In table 4, it can also be seen that the lowest FATO value before the acquisition is 1.60 owned by INDR, while the lowest value after the acquisition is 1.558 owned by EMTK. The highest FATO value before the acquisition was 18.60 owned by BULL and the highest value after the acquisition was 27.70 also owned by BULL. Then the average value of FATO before the acquisition was 6.68 which was higher than the standard deviation of 4.878 and the average value of FATO after the acquisition increased to 7.80 which was also higher than the standard deviation value of 6.887.

Valuation Ratio / Market Ratio

Tabel 5 ARABIC 5 Market Ratio Descriptive Statistical Test Results (EPS & PER)

	CR BEFORE	CR AFTER	QR BEFORE	QR AFTER
Mean	-11.84698	31.79194	75.51754	2.585273
Median	0.115961	5.280294	16.32370	15.29213
Maximum	101.5458	138.4001	1223.854	38.53905
Minimum	-464.8396	-2.295786	-20.74866	-256.9926
Std. Dev.	126.4126	43.61678	264.1464	60.83605
Skewness	-2.680013	1.052635	4.194564	-3.940015
Kurtosis	9.634569	2.742409	18.75673	17.42099
Jarque-Bera	63.65397	3.936199	278.8206	236.3024

Probability	0.000000	0.139722	0.000000	0.000000
Sum	-248.7867	667.6308	1585.868	54.29074
Sum Sq. Dev.	319603.0	38048.47	1395467	74020.51
Observations	21	21	21	21

Source: Data processed results (2024)

In table 5, it can be seen that the lowest EPS value before the acquisition is -464.839 and the lowest value after the acquisition is -2.295, both owned by EMTK. The highest EPS value before the acquisition was 101.545 owned by SCMA, and the highest value after the acquisition was 138.40 also owned by MIDI. Then for the average value of TATO before the acquisition is -11.846, which is much lower than the standard deviation of 126.41, but the average value of TATO after the acquisition increased to 31.79, which is also lower than the standard deviation of 43.616.

In table 5, it can also be seen that the lowest PER value before the acquisition is -20.748 and the lowest value after the acquisition is -256.99, both owned by EMTK. The highest PER value before the acquisition was 1,233.85 owned by EMTK, and the highest value after the acquisition was 38,539 also owned by AMRT. Then the average value of PER before the acquisition was 75.517, which was much lower than the standard deviation of 264.146, while the average value of PER after the acquisition greatly decreased to 2.585, which was also much lower than the standard deviation of 60.836.

Comparative Analysis

The following is a table of comparative financial performance data of each ratio that underlies the comparative analysis in the form of equations and differences between before and after the acquisition for each variable:

Table 6 Comparative Data of Financial Performance Before and After Acquisition

Ratios	Before Acquisition			Acquisition	After Acquisition		
	2017	2018	2019	2020	2021	2022	2023
CR	2,086	2,007	1,796	1,440	1,835	2,000	1,935
QR	1,622	1,519	1,352	1,100	1,477	1,573	1,505
ROA	0,058	0,053	0,063	0,049	0,034	0,064	0,066
NPM	0,122	0,094	0,083	0,107	0,014	0,100	0,106
DER	2,007	1,677	1,283	1,486	2,777	3,709	1,286
DAR	0,557	0,516	0,530	0,569	0,543	0,522	0,468
TATTOO	1,369	1,171	1,171	1,077	1,109	1,205	1,137
FATO	5,176	6,163	6,532	7,512	7,454	6,253	6,303
EPS	126,545	90,143	124,047	187,331	57,884	72,471	56,800
PER	202,502	13,728	10,323	17,374	16,025	13,163	-21,432

Source: Data processed results (2024)

Liquidity Ratio

Based on table 6 above, it can be seen that before the acquisition, the *Current Ratio* experienced an average decrease of 0.215, while after the acquisition there was an average increase of 0.28 until the second year, then there was a similarity with the value before the acquisition, namely the decrease in the third year on average of 0.066. Then in the *Quick Ratio*, there is also a difference where before the acquisition there was also an average decrease of 0.174 while after the acquisition there was an average increase of 0.24, but in the third year, both before and after the acquisition, there was an average decrease of 0.53. Overall, it can be concluded that there is a difference in the company's ability to meet its short-term obligations from its current assets, namely before the acquisition decreases and then there is an increase until the second year after the acquisition, and the equation is that before and after the acquisition both decrease in the third year.

Profitability Ratio

In table 6, it can be seen that the value *of Return on Assets* differs between before the acquisition which has gone up and down while after the acquisition has an average increase of 0.016 and the equation is that both have increased in the third year before and after the acquisition. As for the *Net Profit Margin,* there is only a difference, where before the acquisition there was an average decrease of 0.019 while the acquisition experienced an average increase of 0.046. So overall it can be concluded that there is a difference in the company's ability to generate profit or *the rate* of return from assets between before the acquisition which on average decreases while after the acquisition the average increases, and the similarity can only be seen from the ROA level in the third year which both experience an increase in *profit (*profit).

Solvency Ratio

For the value of *the Debt to Equity Ratio* which can be seen in table 4.6, there is a difference where before the acquisition there was an average decrease of 0.36 while after the acquisition there was an increase in the second year of 0.93, and there is a similarity in the form of a decrease in the third year both before and after the acquisition of 0.394 and 2.423, respectively. Then for *the Debt to Assets Ratio,* there is an equation, namely both have decreased, where before the acquisition until the second year it was 0.041 and after the acquisition the average was 0.038, while the difference is that before the acquisition there was an increase in the third year, while after the acquisition there was no increase. Furthermore, it can be concluded that there is a difference in the level of corporate debt to capital while the equation is found in the level of corporate debt to assets which both experienced a decrease both before and after the acquisition.

Activity Ratio.

The value of the *Total Assets Turnover Ratio* which can be seen in table 4.6 shows that there is no equation but there is a difference, namely before the acquisition in the form of a decrease of 0.198 while after the acquisition in the form of an increase of 0.168. As for the value of *the Fixed Assets Turnover Ratio,* there is a difference, namely in the form of an increase in the second year before the acquisition of 0.987 and a decrease after the acquisition of 1.201, but there is a similarity both before and after the acquisition, which is the same with an increase of 0.369 and 0.05, respectively. For this reason, it can be concluded that there is a difference in the company's ability to generate sales (turnover rate) from the company's total assets and fixed assets in the form of a decrease before the acquisition and an increase after the acquisition and the equation in the form of an increase in the third year before and after the acquisition.

Market Ratio

In table 6, it can be seen that the *Earning per Share value* shows a difference, namely before the acquisition in the form of a decrease in the second year and an increase in the third year, while after the acquisition in the form of an increase in the second year and a decrease in the third year. The equation is that in the third year, the value when compared to the first year, both before and after the acquisition, both experienced a decrease of 2,498 and 1,084, respectively. Meanwhile, the *Price Earnings Ratio* shows a difference but has similarities, namely both before and after the acquisition, both experienced an average decrease of 96,089 and 18,728, respectively. So that as a whole, it can be concluded that there is an equation in the form of a decrease in the company's ability to obtain profits from shares and a decrease in the company's share price so that the price is valued/traded lower than its intrinsic price (*undervalued*) both before and after the acquisition.

Analysis of the normality test

The normality test is carried out before conducting a hypothesis test to find out what test is right for use next. By using a probability value of 5%, where if the probability value is greater than 5% (Probability > 0.05), the distributed data is normal and vice versa, if the probability value is smaller, the distributed data is abnormal (Purnomo & Nurmatias, 2024). The following are the results of the Normality test on each variable:

Comparison of Financial Performance Before and After Acquisition with Liquidity Ratio proxy

Based on the results of the analysis and testing that has been carried out by the researcher, it can be seen that there is no significant difference in financial performance between before and after the Company makes the acquisition. It can also be seen from the average level of decline after the acquisition which indicates that the company does not have sufficient current assets to guarantee the company's current debts, or the ability to meet its short-term obligations of its total current assets which are larger at the time before the acquisition. In general, it can be concluded that companies tend to experience a decline in financial performance in the Liquidity Ratio but not significantly.

This is in line with research conducted by (Muslim, 2023) where there was no significant difference between the proxied financial performance and the Liquidity Ratio (both *Current Ratio* and *Quick Ratio*) before and after the acquisition. However, these results are not in line with research conducted by (Cahyani & Wiksuana, 2024; Firdaus & Dara, 2020) where the results of their research show that there is a difference in liquidity ratios, especially in the *Current Ratio* (CR) before and after the acquisition.

Comparison of Financial Performance Before and After Acquisition with Profitability Ratio proxy

From the results of the analysis and testing conducted previously, it shows that there is a significant difference in the Company's financial performance between before and after the acquisition using *the Return on Assets Ratio* but there is no difference when measured using *the Net Profit Margin Ratio*. The average level value shows an increase in both ROA and NPM, but in ROA the increase occurs very significantly after the acquisition. This indicates that the company's ability to generate profits or the rate of return from its assets increases after making an acquisition. So in general, it can be said that the company has experienced an improvement in financial performance as measured by the Profitability Ratio after the acquisition with a significant difference in value.

This is in line with research conducted by (Christyanto et al., 2023) and also research by (Fernando & Edi, 2021) which shows a significant difference in the profitability ratio of both ROA and NPM before and after the acquisition, but in contrast to research conducted by (Utari et al., 2022) and also research (Firdaus & Dara, 2020) where their study showed no difference in the profitability ratio for both the *Return on Assets Ratio* and *the Net Profit Margin* Ratio before and after the acquisition.

Comparison of Financial Performance Before and After Acquisition with Solvency Ratio proxy

Based on the results of testing and analysis that have been carried out by the researcher, it shows that there is no significant difference in financial performance between before and after the company makes an acquisition. From the data, it can be seen that the average level of DER and DAR has decreased, this indicates that the company's debt level is low, or it can be said that the company's condition is improving because the portion of the company's debt value to capital and assets has become smaller. Therefore, in general, it can be concluded that the financial performance of companies assessed by the Solvency Ratio after the acquisition improved even though the difference was not significant.

The results of this test are in line with the results of the research conducted by (Muslim, 2023) where the results of the research conducted did not show a difference in the Solvency Ratio that was proxied both in *Debt to Equity* and in the *Debt to Assets Ratio*, but the research conducted by (Cahyani & Wiksuana, 2024) showed a significant decrease in *the Debt to Assets Ratio* which is also strengthened by research conducted by (Kurniawati et al., 2023) where the results of the study show that there is a difference in *the Debt to Equity Ratio* between before and after the acquisition.

Comparison of Financial Performance Before and After Proxies with Activity Ratio

Based on the results of the analysis and testing, it can be seen that there is no significant difference between the company's financial performance before and after the acquisition. From the data, it can also be seen that the average level of TATO and FATO has increased, which means that the company's ability to generate sales (turnover rate) of the company's total assets and fixed assets has increased, this is a positive thing because it can be said that the company will earn profits and increase profitability, especially *Return on Assets*. Therefore, it can be concluded that the condition of financial performance as measured through the Activity Ratio after the acquisition has improved even though the difference is not significant.

The results of this test are in line with the results of research conducted by (Hikmah et al., 2023; Putri & Yunita, 2023) whose research results do not show any change in the activity ratio between before and after acquisition, especially in the *Total Assets Turnover Ratio.* However, this result is contrary to research conducted by (Fernando & Edi, 2021) whose research results show a change in the ratio of activities after the acquisition for both the *Total Assets Turnover* and *Fixed Assets Turnover Ratio.*

Comparison of Financial Performance Before and After Proxies with Market Ratios

From the results of the analysis and testing that have been carried out by the researcher before, it shows that there is no significant difference in financial performance between before and after the acquisition. The average rate value shown by the data shows an increase in EPS which indicates the company's ability to increase shareholder profits, a high EPS value will also attract investors to invest in the company, on the other hand, the condition of the average PER value that has decreased means that after the acquisition the company's share price is valued/traded lower than its intrinsic price (*undervalued*).

The results of this test are in line with research conducted by (Cahyani & Wiksuana, 2024) whose research results show that there is no difference in the Market Ratio that is proxied to the *Earning Price Ratio.* This research is also supported by research conducted by (Muslim, 2023) where the results of the research do not show significant differences in the proxied Market Ratio both with the *Earning Price Ratio* and with *the Price Earnings Ratio*. However, on the contrary, research conducted by (Mubarok et al., 2024) obtained the result that there was a significant difference in *the Earning Price Ratio* before and after the acquisition.

CONCLUSION

Based on the results of the research examining the financial performance of companies before and after acquisitions in 2020, several conclusions can be drawn. The analysis, utilizing the Wilcoxon Signed Rank Test and Paired Sample T-Test, found no significant differences in financial performance in terms of the Liquidity Ratio (Current Ratio and Quick Ratio), Solvency Ratio (Debt to Equity and Debt to Assets Ratios), Activity Ratio (Total Assets Turnover and Fixed Assets Turnover Ratios), and Market Ratio (Earnings per Share and Price Earnings Ratios) before and after the acquisition. However, a significant difference was observed in the financial performance as measured by the Return on Assets Ratio, though no difference was detected with the Net Profit Margin, which proxies for profitability. Overall, the findings suggest that the acquisition in 2020 did not lead to substantial changes in most aspects of the companies' financial performance.

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